

EXHIBIT A

**Animal Welfare Task Force
August 24, 2005 Meeting Summary & Follow Ups**

Scope of Program

Initially the KFT animal welfare program will address the housing, transportation, handling and/or slaughter practices in KFT facilities and by KFT suppliers that manage live animals.

Rationale

KFT purchases a variety of animal-derived ingredients, such as fluid and dried milk, cheese, meat and shelled eggs. While some of these, like meat and shelled eggs, are procured directly from hatching or slaughter facilities, others such as dried milk are procured indirectly through cooperatives or third parties and KFT has no direct contact with the farms or facilities that handle live animals.

Given KFT's visibility in the dairy category, research was carried out on animal welfare recommendations and stakeholder expectations for dairy cows. The highlights of the research were:

- The California Dairy Research Foundation has developed a voluntary certification program, the California Dairy Quality Assurance Program. While the guidelines appear sound, they do not seem to be well established in the dairy industry and there are a few (often state specific) certifying agencies that administer the program.
- Approximately 80% of dairy farms are part of co-operatives that pool their milk. Identifying which specific farm milk has come from would be impossible, so certification would be needed for the entire co-operative.
- The Food Service group indicated that while animal welfare is an issue being discussed, dairy farming has not been raised as a topic often.

Follow Ups

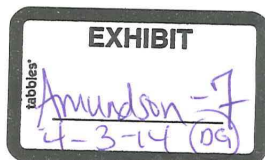
Zolin/Pagel – continue to monitor animal welfare issues for dairy farming
Sveum/Sarachman – inventory animal welfare policies of competitors (meat processors)

Animal Welfare Guidelines

For US, KFT will use the species-specific animal welfare guidelines developed by industry trade associations as the standard for domestic produce. For meat procured outside the US, we will require that those suppliers comply with EU requirements.

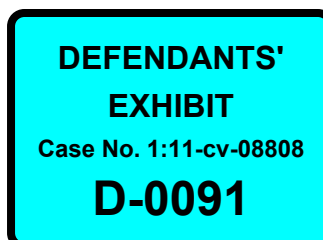
The specific guidelines we will follow in the US are:

- Beef, pork and sheep – American Meat Institute
- Egg laying hens – United Egg Producers
- Broiler chickens – National Chicken Council
- Turkey – National Turkey Federation.



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Rationale

While USDA addresses animal welfare in various laws and regulations, species-specific animal welfare guidelines go above and beyond USDA requirements. These are achievable and auditable and have been reviewed by recognized experts in the field. In the case of red meat, these are widely accepted and adopted throughout the industry, while poultry welfare guidelines are just beginning to be implemented in the U.S.

Kraft would require meat procured outside the US to comply with EU requirements, as these suppliers usually export to the EU as well, and the EU requirements are comprehensive.

From an international perspective, in the EU the current laws are broader, with specific requirements for slaughter and transportation and compliance with EU laws should be sufficient.

Follow Ups

Amundson - Develop chart that inventories the commodities KFT purchases from slaughters or animal handlers, the country of origin and applicable animal welfare guidelines by commodity.

Audit Programs

Third-party audits that verify compliance with species-specific guidelines should be conducted at least once a year. The company performing the audit should be an established auditor in the area of animal welfare. Kraft procurement is in the process of inventorying the audit practices of suppliers; this will be complete by the end of the year.

Results of supplier audits will be communicated to Kraft, but in some cases, results may be confidential. Kraft will in turn release the summary of those audits to key customers as requested, however we will not release the individual results of our suppliers, unless we have specific permission to do so.

For international suppliers, we need to check the EU regulations for performance indicators.

Rationale

Third party independent audits are common in the industry, and there are a couple of companies (e.g. Siliker) who conduct most of the audits for our suppliers. Unless Kraft is willing to pay for the audit, it could be difficult to specify an acceptable third-party auditor.

Follow Ups

Task force - Discuss development of an audit policy that addresses the following issues:

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- How do we get suppliers to meet expectations, if no third party is identified for audit purposes?
- How do we communicate compliance to customers when some supplier audits may be confidential and when in some products it is difficult to track ingredients to a specific supplier?
- What corrective action will KFT implement for suppliers who fail to conduct an audit or who do not meet the guidelines?

Follow Ups

Amundson – Complete inventory of supplier audit practices (end of year); discuss corrective action for suppliers that fail audits with procurement.

Regan/Beard – Follow up with Food Service on customer expectations

Hunt – Research EU requirements for key performance indicators (KPIs)

Stakeholder Engagement

The Task Force will consider engaging with select key customers to gain their perspective on animal welfare, and Kraft's proposed animal welfare policies and practices.

Rationale

Research was conducted on the issue of animal welfare in the US, EU and Australia. Highlights were:

- The issue of animal welfare is discussed more broadly in the US. Than other regions.
- Confinement/ space is one of the issues common to most stakeholders and the majority of groups researched oppose factory farming. Confinement is an issue that KFT has little control over and the abolition of factory farming is not something that Kraft would support.

If necessary the Animal Agriculture Alliance might also provide a good perspective on NGOs.

Follow Ups

Regan/Beard – Work with Food Service and sales to discuss potential stakeholder engagement with key customers.

Explore Animal Ag Alliance capabilities.

Agenda Items Not Addressed

These items will be discussed at the next meeting.

1. Newberry Facility
Currently evaluating practices against NTF guidelines; may need improvement in stunning.

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Follow Ups

Sveum – Identify potential solutions/recommendations to meet NTF guidelines.

Amundson – Research third-party audit options for Newberry.

2. Nabisco Kennels
3. KFT Position on Controlled Atmosphere Killing

Next Meeting

Tuesday September 20th 2p.m. – 3.30 p.m.

Conference Call:

Dial In Number – 866 222-0917

Participant Code – 678976

Host Code - 788217

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February 16th, 2006

Nick Meriggioni, General Manager
Oscar Mayer
PO Box 7188
Madison, WI 53707

Dear Nick Meriggioni:

In an effort to meet the growing need among consumers for information about where their food, household products, and cosmetics come from—and to encourage people to support businesses that show consistent progress and interest in these issues—People for the Ethical Treatment of Animals (PETA) is developing a new scorecard program to rank food retailers, restaurants, and meat suppliers based on their animal welfare policies (or lack thereof).

While the program largely focuses on farmed-animal welfare, it will also include progress on other issues, such as rodent control and availability of cruelty-free products (e.g., vegetarian foods and products that are not tested on animals). This ongoing program will involve working closely with companies to ensure that they are taking the issue of animal welfare seriously and to help them implement clear, positive standards for their farms or suppliers.

The results of our program will be widely publicized both on the Internet and to the media, through advertising and press conferences. In addition to making the results public, PETA plans to heavily promote the results to our more than 850,000 members and supporters, as well as to the millions of people in the broader animal protection community.

Will you—or the appropriate person at Oscar Mayer—please take some time to fill out the attached questionnaire to help us gain a better understanding of Oscar Mayer's current animal welfare policies and practices and any plans Oscar Mayer may have to move forward on this issue?

Please answer every question and the sub-parts of each question. PETA will fill in the answers to any unanswered questions—or surveys that we do not receive back within 45 days of sending this letter—to the best of our knowledge. Please attach the answers to all questions and fax the completed survey to me at 757-622-0784, e-mail it to me at MattPrescott@peta.org, or mail it to PETA's headquarters put to my attention.

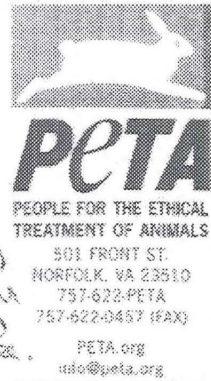
Please feel free to call me at 757-962-8264 or e-mail me with any questions that you might have; I am more than happy to help you work through anything that is at all unclear. Thank you in advance for your time, and I look forward to giving Oscar Mayer a positive ranking in this new program.

Sincerely,



Matthew A. Prescott
Manager of Factory Farming Campaigns, PETA

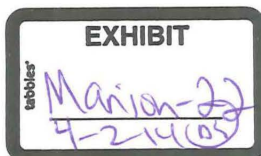
Enclosure: Animal Welfare Questionnaire for Turkey Companies



EXHIBIT

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Case No. 1:11-cv-08808

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Animal Welfare Questionnaire for Turkey Companies

If your answer is yes, what is required to be provided?

8 Does your company keep stocking density below a certain limit in its turkey sheds or require its growers to do so?

If your answer is yes, what is the maximum stocking density allowed?

9 Does your company give its turkeys access to the outside or require its growers to do so?

If your answer is yes, what kind of outside access are they given, how often and for how long are they allowed outside, and what kind of shelter are they provided with while outside?

10 Does your company have a life-support system in place in case of mechanical or electrical failure or require its growers to have one?

If your answer is yes, please describe the system.

11 Does your company or do your growers use a mechanized gathering process?

If your answer is yes, please describe the process.

If your answer is no, does your company offer financial incentives to catching teams to limit the number of injuries birds suffer during catching and crating?

12 Does your company prohibit its turkeys from being deboned and eviscerated and having their toes cut off or prohibit its growers from doing so?

13 Does your company or do your growers use subtherapeutic antibiotics, arsenic, or other growth-promoting substances?

14 Does your company or do your growers use a breeding program that places priority on increased leg health and heart and lung function and decreased appetite and aggression in its turkeys?

15 Does your company or do your growers use a breeding program that provides unrestricted feeding to its turkeys?

16 Does your company or do your growers use slow-growing turkey breeds that reach a market weight of 35 pounds in more than 140 days?

17 Does your company or do your growers use any "catch-up" growth protocols to reduce the incidence of lameness and pulmonary disease in its turkeys?

18 Does your company or do your growers euthanize lame turkeys who exhibit Keelin gait scores of 4 or 5?

19 Does your company audit its growers for farmed-animal welfare?

If your answer is yes, please tell us how often audits are conducted, who conducts them (e.g., trained company personnel, your growers, third-party auditors, etc.), and whether they are announced or unannounced. If you use third-party auditors, please tell us which company you use. Are facilities that fail these audits eliminated from your supply chain?

20 Are the results of slaughterhouse and/or on-farm audits posted on your company's Web site?

If your answer is yes, please provide the Web site address.

21 Does your company or do your suppliers use a controlled-atmosphere killing (CAK) system?

If your answer is yes, in how many of these facilities is it used and where are these facilities located?

If your answer is no, has your company considered the feasibility of phasing in CAK or approached its suppliers about it?

22 Does your company have animal welfare standards not described above?

If your answer is yes, please provide a copy of all standards (or the appropriate Web site address). Are these standards transparent and verifiable (e.g., public and audited)?

PETA.org

People for the Ethical Treatment of Animals • 300 North Zeeb Road • P.O. Box 24500 • Fort Collins, CO 80521-0500 • 970.221.0820 • 1-877-435-2722 • www.peta.org

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Animal Welfare Questionnaire for Turkey Companies

Instructions

Please answer each question completely. If you do not have the information required to answer a question, please have the appropriate person at your company answer it. PETA will fill in the answers to any questions that are left unanswered to the best of our knowledge. Please return the completed form to Matthew Prescott via e-mail at MattPrescott@peta.org, fax at 757-828-0784, or postal mail at 501 Front St., Norfolk, VA 23510. Thank you.

Personal and Company Information

Today's Date _____
 Company Name _____
 Company Contact and Position _____
 Address of Contact _____

 Tel. Number of Contact _____
 Fax Number of Contact _____
 E-Mail Address of Contact _____

1 Does your company have an independent animal welfare advisory board?

If your answer is yes, who is on your board and how often does it meet?

If your answer is no, does your company have regular consultation from independent animal welfare experts and/or nonprofit animal welfare organizations? If so, please provide their names. Does your company have plans to form an advisory board in the near future?

2 Does your company provide litter for its turkeys or require its growers to do so?

If your answer is yes, what type of litter is used, how deep is it kept, and how often is it changed?

3 Does your company provide illumination in its turkey sheds or require its growers to do so?

If your answer is yes, what level of illumination is required?

4 How many hours of continuous darkness does your company or its growers maintain during a 24-hour period in each shed?

5 Does your company regulate the temperature in its turkey sheds or require its growers to do so? If your answer is yes, what temperature range is required?

6 Does your company measure and regulate the air quality (e.g., ammonia levels) in its turkey sheds or require its growers to do so?

If your answer is yes, how is it measured and what are the standards and systems used for regulating it?

7 Does your company provide environmental enrichment (e.g., straw bales, perches, toys, etc.) for its turkeys or require its growers to do so?

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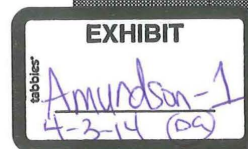
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Issues Management

DRAFT ANIMAL WELFARE POLICY AND PROGRAM RECOMMENDATION

April 2006



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Issues Management

Draft Animal Welfare Policy and Program Recommendation

The recommendations in this document were developed by the Animal Welfare Task Force. The core members of the Task Force are:

- Curt Amundson – Global Supply Chain, Meat Procurement
- Chris Beard – Global Corporate & Government Affairs, Issues Management
- Josephine Hunt – Global Technology & Quality, Scientific Affairs
- Claire Regan - Global Corporate & Government Affairs, Issues Management
- Mike Sarachman - Global Technology & Quality, Scientific Affairs
- Bill Sveum - Global Technology & Quality, Scientific Affairs

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Issues Management

- **Overview of Animal Welfare**
- Proposed Kraft Animal Welfare Policy
- Guidelines, Requirements and Compliance for U.S. Suppliers
- Guidelines, Requirements and Compliance for non U.S. Suppliers
- Potential Risks
- Cost Benefit

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Overview of Animal Welfare – Why Does Kraft need an Animal Welfare Policy?

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- The issue of animal welfare centers around the humane treatment of animals. The aim is to ensure the optimal care of animals and to minimize suffering.
- Animal welfare is a growing societal concern, especially in the U.S. and E.U. Much of this is a result of society's increased awareness of large scale animal feeding operations.
- Companies throughout the food supply chain (from slaughterers to restaurants) have developed animal welfare policies and programs.
- Some customers are asking Kraft to ensure that the meat products they purchase come from animals which were treated humanely.
- Industry Trade Associations have proactively established animal welfare guidelines, e.g. American Meat Institute (AMI) and National Turkey Federation (NTF)
- Kraft operates one slaughter facility in Newberry, S.C.
- Kraft procures directly from 30 suppliers that slaughter animals.

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Overview of Animal Welfare – Current Status

Issues Management

- Legislation in the EU offers basic protection to all farm animals in the areas of farming, transportation and slaughter.
- The US has similar laws except that poultry is not covered.
- Many companies in the U.S. go above and beyond their compliance obligations, and also follow voluntary industry guidelines. Many also conduct independent audits to verify their compliance with those guidelines.
- Currently >80% of Kraft's meat suppliers conduct an annual independent audit.
- In the U.S. Kraft purchases meat from 37 suppliers. 95% of these are domestic suppliers.
- In the E.U. Kraft purchases meat from 10 potential suppliers, located in Argentina, Brazil and Uruguay.

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Overview of Animal Welfare - NGO's

Issues Management

- Animal welfare is not the same as animal rights. Animal rights groups believe animals possess the same rights as humans. They typically oppose the use of animals for any purpose including food, medical testing etc.
- Animal welfare experts have developed common themes on what constitutes humane treatment of animals but differ in opinion on how they should be achieved.
- NGOs are well funded and effective at communicating their animal welfare concerns to consumers. They often highlight issues associated with large scale animal feeding operations.
- NGOs have been key influencers in the development of animal welfare policies by companies such as KFC or McDonald's.
- Dairy farming has not been as prominent an animal welfare issue compared to veal production, animal slaughter and egg production.

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Issues Management

- Overview of Animal Welfare
- **Proposed Kraft Animal Welfare Policy**
- Guidelines, Requirements and Compliance for U.S. Suppliers and Newberry Turkey Facility
- Guidelines, Requirements and Compliance for non U.S. Suppliers
- Potential Risks
- Cost Benefit

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Proposed Animal Welfare Policy

Issues Management

The proposed draft policy is:

Kraft believes that animals used to produce food products should be treated humanely. We require that all Kraft facilities and direct suppliers that manage live animals, meet certain animal welfare standards. These standards cover handling, housing, transportation and slaughter as applicable to each operation.

The rationale for this policy is:

- Animal welfare encompasses more than just slaughter, but also transportation, handling and housing.
- Kraft purchases a variety of animal-derived ingredients, such as fluid and dried milk, cheese, meat and shelled eggs. Some of these, like meat, are procured directly from facilities that handle live animals.
- Other ingredients, such as milk and cheese are procured indirectly through cooperatives or third parties and Kraft has no direct contact with the farms or facilities that handle live animals.
- By applying the policy internally and to suppliers that handle live animals (i.e. going one level back in the supply chain) we will cover the slaughter of approximately 90% of the animals that contribute to Kraft meat ingredients. Going one level back will cover the handling and transportation of 60-70% of the animals.

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Proposed Animal Welfare Policy

Issues Management

- Impact to Kraft
 - The Newberry, S.C. turkey facility is the only Kraft operation that handles live animals.
 - This policy will impact approximately 30 suppliers in the U.S. and approximately 10 meat and X egg suppliers outside of the U.S.

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Issues Management

- Overview of Animal Welfare
- Proposed Kraft Animal Welfare Policy
- **Guidelines, Requirements and Compliance for U.S. Suppliers and Newberry Turkey Facility**
- Guidelines, Requirements and Compliance for non U.S. Suppliers
- Potential Risks
- Cost Benefit

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Requirements and Guidelines - U.S. Suppliers/ Newberry Facility

Issues Management

- Kraft will require that the Newberry facility and all suppliers who fall within the scope of the animal welfare policy meet certain animal welfare guidelines. Suppliers will acknowledge this through the contracts they sign, and/or through purchase order agreements.
- For the U.S., Kraft will require its facilities and suppliers to meet the species-specific animal welfare guidelines developed by industry trade associations. The specific guidelines are:
 - Beef, pork and sheep – American Meat Institute
 - Egg laying hens – United Egg Producers
 - Broiler chickens – National Chicken Council
 - Turkey – National Turkey Federation

Rationale:

- Adding standardized language to contracts and purchase orders will mean that suppliers are provided consistent requirements.
- Utilizing industry association guidelines (versus Kraft specific animal welfare guidelines) means that Kraft and its suppliers are following generally recognized industry standards.
- By using external guidelines, we are able to ensure that as animal welfare expectations change and the subsequent guidelines change, both Kraft and its suppliers are keeping up with those expectations.

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Verifying Compliance - U.S. Suppliers/ Newberry Facility

Issues Management

- The Newberry facility and suppliers will be required to conduct a third-party animal welfare audit on an **annual** basis.
- Suppliers will select their auditors from a KFT approved list of third-party auditors.
- If a supplier does not pass their audit they would be required to report this to Kraft.
- Kraft will have the right to review third-party audits upon request, including during a Quality Audit or a facility inspection.
- If a supplier is not in compliance with the animal welfare guidelines they would be violating the terms of our contract/ purchase order. At such point Kraft could either terminate the contract, or require that the supplier correct the areas of non-compliance and conduct a further audit to ensure that they are meeting the appropriate animal welfare guidelines.
- Kraft will not share supplier audit results with customers but rather will refer to its policy and audit program information.

Rationale:

- Third-party, independent audits are common in the industry.
- Utilizing existing quality audits and facility inspections, in conjunction with contracts and purchase orders means that Kraft will not be required to create new infrastructure to manage the animal welfare program.
- By having Kraft review, rather than conducting audits, we are not required to develop new skills sets or expend additional resources.

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Requirements, Guidelines, Compliance - U.S. Facilities

Issues Management

- Impact to Kraft:
 - The Newberry, S.C. facility will be required to comply with NTF guidelines.
 - The Newberry facility will conduct an annual audit that will be performed by a third-party auditor.
 - Prior to performing the first audit at Newberry, we would utilize a turkey welfare expert to assess current operations and suggest improvements.
 - An animal welfare section will need to be added to contracts and purchase orders as they are renewed.
 - Reviewing a supplier's animal welfare audit will be added to Kraft Supplier Quality Audits
- Impact to Suppliers:
 - The impact to suppliers is likely minimal as third-party audits are common in the industry, with several companies (e.g. Silliker) conducting most of the audits for our suppliers. Currently >80% of our meat suppliers conduct audits.
 - Since suppliers are not required to automatically send the audits to Kraft, this means that there is little additional burden on our suppliers.

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Issues Management

- Overview of Animal Welfare
- Proposed Kraft Animal Welfare Policy
- Guidelines, Requirements and Compliance for U.S. Suppliers and Newberry Turkey Facility
- **Guidelines, Requirements and Compliance for non U.S. Suppliers**
- Potential Risks
- Cost Benefit

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Issues Management

Requirements, Guidelines, Compliance – non U.S. Suppliers

- Kraft will also require that all non-U.S. suppliers who fall within the scope of the animal welfare program meet certain animal welfare guidelines. Suppliers will acknowledge this through the contracts they sign, and/or through purchase order agreements.
- For meat procured outside the U.S., we will require that those suppliers comply with E.U. laws and regulations governing animal welfare.
- Non-U.S. suppliers will verify compliance by providing a letter stating that they are in compliance with E.U. laws and regulations governing animal welfare. Additionally Kraft will reserve the right to request a third-party audit to verify compliance.

The rationale for this approach is:

- From an international perspective it is not practical to have suppliers comply with US industry standards
- E.U. laws on animal welfare cover transportation, handling, slaughter and housing, with specific requirements for slaughter and transportation.
- The E.U. Food and Veterinary Office (FVO) is responsible for monitoring compliance with E.U. laws governing animal welfare, food safety etc. It conducts inspections in facilities in E.U. member states and countries that export meat products to the E.U. These inspections are rare however, so Kraft will require a letter/ audit.

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Requirements, Guidelines, Compliance – non U.S. Suppliers

Issues Management

- Impact to Kraft:
 - Kraft will be required to keep on file letters from non U.S. suppliers which state that they are in compliance with E.U. laws and regulations
 - An animal welfare section will need to be added to contracts and purchase orders as they are renewed.
- Impact to Suppliers:
 - Suppliers will be required to either proactively send a letter to Kraft stating that they are in compliance with E.U. laws and regulations, or conduct an annual third party audit to verify compliance.

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Issues Management

Requirements, Guidelines, Compliance – non U.S. Suppliers

It is important to note that the EU is currently undergoing an extensive review of animal welfare guidelines. Under an initiative scheduled to run through 2010, the EU is focusing on five key goals:

- Raising standards based on scientific data and consumer demand
- Promote research on animal protection and welfare (e.g. creation of a European Centre on Animal Welfare)
- Classifying standards - likely to include KPI's (e.g. a label for products that in are line with certain animal welfare standards)
- Informing and involving (e.g. increased education for consumers)
- Promoting animal welfare internationally

As the EU work continues, Kraft should continue to monitor the progress, especially in areas such as the development of KPI's. Depending on how those KPI's evolve, Kraft may need to adjust how it applies its animal welfare policy to non-US suppliers.

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- Overview of Animal Welfare
- Proposed Kraft Animal Welfare Policy
- Guidelines, Requirements and Compliance for U.S. Suppliers and Newberry Turkey Facility
- Guidelines, Requirements and Compliance for non U.S. Suppliers
- **Potential Risks**
- Cost Benefit

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Potential Risks

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The potential risks to the proposed animal welfare policy and program are:

- The program may be criticized for only going one level back in the supply chain, especially in the area of housing.
- There is a possibility that contracts can become very customized, making it difficult to maintain consistency across suppliers.
- Some NGO's do not consider U.S. Trade Association industry standards as representing appropriate animal welfare standards.
- For non U.S. suppliers there are few objective KPIs associated with the E.U. laws and regulations.
- Since it could be three years or possibly even more between Kraft quality audits of suppliers, it is possible that we would not uncover non-compliance for a period of years.
- It is possible that customers may ask Kraft to share the specific result of our suppliers audits.

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Issues Management

- Overview of Animal Welfare
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- Guidelines, Requirements and Compliance for non U.S. Suppliers
- Potential Risks
- **Cost Benefit**

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Cost/ Benefit

Issues Management

- The potential costs to Kraft are:
 - Annual audit at Newberry facility – approx. \$2000
 - Improvements required at Newberry to meet NTF guideline – TBD
 - Additional time required to update future contracts and purchase orders with an animal welfare section - <40 hours
 - Collection and storage of compliance letters from non U.S. suppliers - <40 hours
 - Additional step involved in Kraft Quality Audit process - minimal
 - Cost to hire animal welfare expert - TBD
- The potential benefits to Kraft are:
 - Kraft is once again demonstrating that it is a responsible company.
 - When customers request that Kraft meet certain animal welfare requirements, we will be able to communicate our policy and program which will be consistent for all our customers. This will allow us to avoid multiple and potentially costly compliance programs.
 - When NGOs or other groups question Kraft's approach to animal welfare we will be able to communicate our policy and program as being in line with standard industry practices.
 - By utilizing an independent expert at the Newberry facility we will add credibility to our program, and independent review is typically viewed positively by animal welfare groups.

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April 20, 2006

Chris Beard
Associate Director, Issues Management
Kraft Foods, Inc.
Three Lakes Drive
Northfield, IL 60093

Dear Chris,

Thanks so much for returning my call regarding Kraft's use of cage-free eggs. I'm looking forward to discussing the matter at greater length with you and Claire next week. In the meantime, I hope you'll find the enclosed information useful.

To briefly introduce you to The Humane Society of the United States (HSUS), we're the largest animal protection organization in the country, with more than 9.5 million members and constituents. One of our major priorities is improving the lives of farm animals, leading us to regularly work with retailers, restaurants and food service companies to encourage farm-animal-friendly corporate policies. We focus a great deal of our energies on the welfare of egg-laying hens.

It's clear that Kraft has a sophisticated understanding of what it means to be a socially responsible company. Its demonstrated commitment to the sustainability of its agricultural supply chain is impressive. And I was heartened to see how much Kraft values stakeholder engagement and civil society alliances—as evidenced by its work with the Rainforest Alliance and the Sustainable Agriculture Initiative. For these reasons, I think you'll be very interested to learn about the animal welfare issues associated with the eggs used by Kraft.

Approximately 80 percent of all egg producers in the United States participate in their industry's voluntary animal husbandry program. Unfortunately, that provides no assurance that the animals' welfare is, in fact, given sufficient consideration. The program recommends only the barest minimum standards for egg-laying hens—permitting the birds to be confined in wire, "battery cages" so restrictive that the birds can't even spread their wings. The standards afford each bird a meager 67 square inches of floor space—less than a sheet of typing paper—on which to live. The enclosed photographs and two-minute DVD illustrate typical battery cage confinement systems. Despite the obviously inhumane conditions depicted, these systems comply with the voluntary animal husbandry program guidelines.

Yet, Kraft's egg supplier, Michael Foods, doesn't even participate in this program, which means the company declines to comply with even the most basic, industry-wide animal welfare standards, inadequate as they may be. This seems to be inconsistent with Kraft's responsible, progressive way of doing business.

what do we
know about
them?
don't
purchase from
them

Promoting the protection of all animals

2100 L Street, NW, Washington, DC 20037 • 202-452-1100 • Fax: 202-778-6132 • www.hsus.org

EXHIBIT

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KRA00052823

KRA00052823

DEFENDANTS'
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Case No. 1:11-cv-08808

D-0096

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You may be interested to learn, however, that there is a viable alternative: cage-free eggs. And they're quickly becoming the preferred choice of socially responsible companies across the country. Unlike birds confined to battery cages, cage-free hens are able to engage in many of their natural behaviors, including freely walking, spreading their wings, and nesting.

Already, companies like Whole Foods, Wild Oats Natural Marketplace, Trader Joe's, Bon Appétit Management Company, and the corporate campuses of AOL have moved to dramatically increase their use of or entirely switch over to cage-free eggs. And to date, nearly 90 schools and universities across the country—such as Georgetown University and University of Wisconsin-Madison—have done the same. We encourage Kraft to consider adopting a cage-free egg policy, as well.

Because we recognize the unique opportunity a single company has to make a difference for animals, we regularly go to great lengths to help generate positive media attention for businesses that make animal-friendly choices. In praising such companies in the past, we've placed full-page newspaper advertisements, issued press releases to national media outlets, posted stories to our Web site (www.hsus.org), and sent email alerts and targeted mailings to our constituency.

I've included some examples of publicity we've garnered for other companies that have adopted cage-free egg policies. We would welcome the opportunity to similarly applaud Kraft if the company decides to exclusively use cage-free eggs.

Thank you again, Chris, for your time and consideration. I look forward to speaking with you next week.

Best,

Katie C

Katie Carrus
Corporate Marketing Researcher
Factory Farming Campaign

enclosures

cc: Claire Regan

For US

- Costs
- Availability

~~- where do we purchase eggs from~~

~~- what would Curt say~~

- farms that supply us are UEP

- main supplier is just pasteurizing
eggs

- ask Javier

HSUS

- pushing cage-free not necessarily

Free range

- Universities & cafeterias & organic stores

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KRA00052824

KRA00052823

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From: Amundson, Curtis M.
Sent: Monday, October 30, 2006 4:24 PM
To: Choate, Greg K.; Weiss, Chad E.; Conklin, Terry A.; Gregorich, John W.; Meneses, Javier A.; Soloninka, John M.
Cc: Hite, Greg A.; Paulos, William T.; Rojo, Jose C.
Subject: Animal Welfare Language

The approved animal welfare language for contract and purchase order use is written below. An animal welfare document explaining Kraft's position will be forthcoming. Please move forward in implementing the language as possible in 2007 contracts covering any suppliers that directly handle or slaughter animals for meat, poultry, or eggs supplied to Kraft. The language is not needed for contracts or PO's where a supplier selling to Kraft is obtaining meat, poultry, or eggs from a third party.

Supplier must comply with:

- (i) the Federal Humane Slaughter Act (as applicable); and,
- (ii) industry standards prescribed by (a) the American Meat Institute (specifically "AMI Foundation Recommended Animal Handling Guidelines and Audit Guide, 2005 Edition"), (b) the National Chicken Council (specifically "NCC Animal Welfare Guidelines and Audit Checklist, as of April 2005"), (c) the National Turkey Federation (specifically "NTF Animal Care For the Production of Turkeys: Slaughter Guidelines and/or Production Guidelines"), and (d) the United Egg Producers (specifically "United Egg Producers Animal Husbandry Guidelines for U.S. Egg Laying Flocks (2006 Edition)") (as applicable).

Supplier must keep up to date and comply with the most recent versions of the above.

Supplier shall maintain United Egg Producers Certified status, if applicable. Supplier shall have audits conducted annually by a third party for AMI, NCC, and NTF standards and will provide the results to Kraft upon request. If Supplier fails an audit, it will immediately notify Kraft, providing the date and location of the failed audit and a detailed remediation plan acceptable to Kraft, including the corrective steps, timeline, and re-audit date. Supplier will fulfill the remediation plan in all respects.

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**DEFENDANTS'
EXHIBIT**

Case No. 1:11-cv-08808

D-0101

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KRAFT FOODS GLOBAL INC./ROSE ACRE FARMS INC.
AMENDMENT TO
EGG PRODUCT SUPPLY AGREEMENT

DATED JUNE 28, 2005

THIS AMENDMENT, effective June 28, 2007, is entered into with respect to that certain Egg Supply Agreement effective the 1st day of May 2004 ("Agreement"), between Kraft Foods Global, Inc. ("Kraft") and Rose Acre Farms ("RAF").

This Amendment shall be fully incorporated into the Agreement and any conflict between the Agreement and this Amendment shall be resolved in favor of this Amendment. All capitalized terms used in this Amendment shall have the meaning given them in the Master Supply Agreement or the Agreement (as the case may be), unless otherwise defined herein.

Pursuant to the foregoing, Kraft and RAF specifically agree as follows:

Contract Term: The extended term will cover Kraft needs as of July 1, 2007 through June 30, 2008.

Service Performance: Kraft requires RAF to self monitor Order Fill and On-Time Deliveries and send monthly updates.

Pricing Process: Monthly pricing will be based on the Urner Barry certified markets. On any day that the certified market is not quoted the non- certified market quote will be used. The differential between the non- certified market quote and the certified market quote will be capped at \$4 per hundred-weight (cwt)

Other Terms: Kraft Animal Welfare policy will be fully incorporated in this Amendment (See attached Exhibit).

Our authorized representatives execute this document by signing below. We may sign separate copies.

Rose Acre Farms

Kraft Foods Global, Inc.

MCwCFCdfLrpTgSqa5AY1VIO7IFeW1A
zAhRt225hP/sJT4mloVT93n/9zJDFiQ==

MC0CFQCRBZ8yr9CUEYw+6hFaK714i1x
UUQIUJQV7MnaVnzZV+aMYE5SgBrPzfx
Y=

Signature
JOSE ROJO

1

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DEFENDANTS'
EXHIBIT
Case No. 1:11-cv-08808
D-0110

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Name	Name
	Director
Title	Title
7/11/2007	7/13/2007
Date	Date

EXHIBIT

Kraft Animal Welfare Policy.

Supplier must comply with:

- (i) The Federal Humane Slaughter Act (as applicable); and,
- (ii) Industry standards prescribed by (a) the American Meat Institute (specifically "AMI Foundation Recommended Animal Handling Guidelines and Audit Guide, 2005 Edition"), (b) the National Chicken Council (specifically "NCC Animal Welfare Guidelines and Audit Checklist, as of April 2005"), (c) the National Turkey Federation (specifically "NTF Animal Care For the Production of Turkeys: Slaughter Guidelines and/or Production Guidelines"), and (d) the United Egg Producers (specifically "United Egg Producers Animal Husbandry Guidelines for U.S. Egg Laying Flocks (2006 Edition)") (as applicable).

Supplier must keep up to date and comply with the most recent versions of the above.

Supplier shall maintain United Egg Producers Certified status, if applicable. Supplier shall have audits conducted annually by a third party for AMI, NCC, and NTF standards and will provide the results to Kraft upon request. If Supplier fails an audit, it will immediately notify Kraft, providing the date and location of the failed audit and a detailed remediation plan acceptable to Kraft, including the corrective steps, timeline, and re-audit date. Supplier will fulfill the remediation plan in all respects.



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EXHIBIT**

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D-0307

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**DEFENDANTS'
EXHIBIT**

Case No. 1:11-cv-08808

D-0309

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800 Englewood Drive ~ Crawfordsville, IN 47933

765-364-5200 ~ Fax: 765-364-5296

ROSE ACRE FARMS

This agreement supersedes any previous agreement between Pace Dairy and Rose Acre Farms and shall be effective on February 2, 2003 and shall remain in effect until January 31, 2004.

I. Volume

Rose Acre Farms will agree to supply and Kroger will agree to purchase eggs used by Kroger at the following warehouse locations:

Atlanta, Georgia
Phoenix, Arizona

This volume is to reflect the total weekly needs of the above warehouses, which will fluctuate from week to week. Notwithstanding the above, Pace is not required to purchase any certain volume of eggs during the term hereof.

II. Cartoned Eggs

Effective for eggs delivered to the Kroger warehouse in Atlanta, Georgia. Cartoned eggs will be priced F.O.B. Kroger supplied warehouses, including the one-dozen carton, multi-pack materials or shipping containers. All Urner Barry quotes are based on a white egg.

Grade A Jumbo	<.0183>	Midwest Urner Barry Large Market
Grade A Ex-Large	<.1045>	Midwest Urner Barry Large Market
Grade AA Large	<.1345>	Midwest Urner Barry Large Market
Grade A Large	<.1345>	Midwest Urner Barry Large Market
Grade A Large 18	<.1372>	Midwest Urner Barry Large Market
Grade A Large 6	<.0435>	Midwest Urner Barry Large Market
Grade A Medium	<.1145>	Midwest Urner Barry Medium Market
Grade A Medium 2.5	<.1038>	Midwest Urner Barry Medium Market
Grade A Small	<.1145>	Midwest Urner Barry Small Market
Grade A Large Brown	+.0155	Midwest Urner Barry Large Market

The above pricing applies to eggs delivered to the Atlanta, Georgia warehouse.

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**DEFENDANTS'
EXHIBIT**

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D-0329**D-0329-0001 of 0005**

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Effective for eggs delivered to the Kroger warehouse in Phoenix, Arizona. Cartoned eggs will be priced F.O.B. Kroger supplied warehouses, including the one-dozen carton, multi-pack materials or shipping containers. All Umer Barry quotes are based on a white egg.

Grade A Jumbo	+.0400	Midwest Umer Barry Large Market
Grade A Ex-Large	<.0500>	Midwest Umer Barry Large Market
Grade AA Large	<.0700>	Midwest Umer Barry Large Market
Grade A Large	<.0700>	Midwest Umer Barry Large Market
Grade A Large 18	<.0700>	Midwest Umer Barry Large Market
Grade A Large 6	<.0400>	Midwest Umer Barry Large Market
Grade A Medium	<.0700>	Midwest Umer Barry Medium Market
Grade A Medium 2.5	<.0400>	Midwest Umer Barry Medium Market
Grade A Small	<.0900>	Midwest Umer Barry Small Market
Grade A Brown	+.0500	Midwest Umer Barry Large Market
Grade A Large 5 Doz	<.0350>	Midwest Umer Barry Large Market

The above pricing applies to eggs delivered to the Phoenix, Arizona warehouse.

If Kroger causes eggs to be shipped to other locations, Kroger and Rose Acre Farms will negotiate the additional freight incurred at that time.

This agreement provides that during the term of the contract, Rose Acre Farms has the option to supply eggs to Kroger from other Rose Acre Farms production sites so long as they meet all of the other contractual requirements.

III. Billing - Subject to change at Pace Dairy's discretion

Cartoned eggs will be billed to Atlanta, Georgia warehouse as follows:

Grade A Jumbo	<.0183>	Midwest Umer Barry Large Market
Grade A Ex-Large	<.1045>	Midwest Umer Barry Large Market
Grade AA Large	<.1345>	Midwest Umer Barry Large Market
Grade A Large	<.1345>	Midwest Umer Barry Large Market
Grade A Large 18	<.1372>	Midwest Umer Barry Large Market
Grade A Large 6	<.0435>	Midwest Umer Barry Large Market
Grade A Medium	<.1145>	Midwest Umer Barry Medium Market
Grade A Medium 2.5	<.1038>	Midwest Umer Barry Medium Market
Grade A Small	<.1145>	Midwest Umer Barry Small Market
Grade A Large Brown	+.0155	Midwest Umer Barry Large Market

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Cartoned eggs will be billed to Phoenix, Arizona warehouse as follows:

Grade A Jumbo	+.0400	Southcentral Umer Barry Large Market
Grade A Ex-Large	<.0500>	Southcentral Umer Barry Large Market
Grade AA Large	<.0700>	Southcentral Umer Barry Large Market
Grade A Large	<.0700>	Southcentral Umer Barry Large Market
Grade A Large 18	<.0700>	Southcentral Umer Barry Large Market
Grade A Large 6	<.0400>	Southcentral Umer Barry Large Market
Grade A Medium	<.0700>	Southcentral Umer Barry Medium Market
Grade A Medium 2.5	<.0400>	Southcentral Umer Barry Medium Market
Grade A Small	<.0900>	Southcentral Umer Barry Small Market
Grade A Large Brown	+.0500	Southcentral Umer Barry Large Market
Grade A Large 5 Doz	<.0350>	Southcentral Umer Barry Large Market

The difference in the total cartoned egg cost per dozen and total cartoned egg billing per dozen will be billed solely to Rose Acre Farms by Pace at the end of each week. Terms are net (20) days from the date of invoice.

IV. Confirmations

Confirmations of product shipped must be faxed to Pace Dairy within 24 hours. Confirmations for the orders placed on the weekends must be faxed to Pace Dairy by noon on Monday. Failure to comply with Pace Dairy's confirmations policy will result in a \$100.00 charge per occurrence.

V. Market Difference

In addition to the above pricing, Rose Acre Farm will rebate a weekly market difference between Midwest and Southcentral Umer Barry markets for all dozens sold in the Phoenix, Arizona area. This market will be billed weekly based off of Thursday's Large quote for dozens sold between Sunday through Saturday for Phoenix, Arizona.

VI. Pricing Days

Eggs sold to Kroger will be based on the Thursday Umer Barry Regional Quote, Point of destination. Eggs delivered to Houston, Texas and Dallas, Texas will be Tuesday through Monday based on the prior Thursday's quotation. Detroit, Michigan, Indianapolis, Indiana, Shelbyville, Indiana and Columbus, Ohio will be Saturday through Friday based on the prior Thursday's quotation. Eggs delivered to Memphis, Tennessee will be Monday through Sunday based on the prior Thursday's quote. Eggs delivered to Roanoke, Virginia will be Thursday through Wednesday based on the Thursday's quotation. Eggs delivered to Louisville, Kentucky, Nashville, Tennessee and Atlanta, Georgia will be Friday through Thursday based on the prior Thursday's quotation. If the Market is not quoted on Thursday, the Wednesday market will apply.

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VII. Terms

Net Twenty (20) days from receipt of invoice.

VIII. Pallets

Pallets should be exchanged. If not, billed at \$5.50 each.

IX. Packaging Material

The above pricing included packaging material purchased from the Kroger Company. If at anytime during the term of the contract, Kroger's supplier of packaging materials should declare a price change, either increase or decrease, then Rose Acre Farms and Kroger shall negotiate the pricing basis for those items at that time.

Current packaging pricing is as follows:

<u>Carton</u>	<u>Case</u>
2x6 @ \$74.50/M	24 dozen @ \$915.75/M
3x6 @ \$107.75/M	20 dozen @ \$924.00/M
6 ct. @ \$105.50/M	
Jumbo @ \$75.50/M	
Sleeve @ \$125.00/M	

All packaging will be billed solely to Rose Acre Farms. Terms are net fourteen (14) days after receipt of invoice.

X. Taxes and Licenses

All Taxes and Licenses will be at Rose Acre Farm's expense. This includes Atlanta, Georgia and Phoenix, Arizona.

Any increase or new assessments will be paid by Rose Acre Farms.

XI. Shippers

All shippers will have OSD, pack date, expiration date, and plant number per item.

XII. Quit Clause

In the event of poor quality or orders not being filled on a regular basis, Kroger can void this agreement upon a 30 day written notice.

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XIII. HACCP Program

Rose Acre Farms shall develop a Hazard Analysis Critical Control Point (HACCP) program for the control of pathogenic organisms, such as Salmonella enteritidis in shell eggs. The program shall be inclusive from the breeding flocks through the transportation of eggs to Kroger. Contracted producer flocks shall be included in the HACCP program. The written HACCP program shall be subject to review by Pace. This shall constitute a hold harmless agreement for Kroger and its affiliates.

XIV. Kroger Orders

All Kroger orders shall be shipped as ordered. If the orders cannot be met, Kroger reserves the right to give the order to another supplier.

XV. Animal Welfare Certification

Rose Acre Farms must show proof that they are a "Certified Company" under the UEP guidelines for the "Animal Husbandry Guidelines for U.S. Egg Laying Flocks." A copy must be attached to this contract.

Kroger will not accept any eggs from Rose Acre Farms that have not been 100% produced in these terms.

PACE DAIRY FOODS OF INDIANA

by Bary Stahl

ITS G.M. of Egg Procurement

ROSE ACRE FARMS

by [Signature]

ITS VP Sales Rose Acre Farms

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RAMDLSUPP00001019

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October 25, 2000

Mr Steven Burd, CEO
Safeway Inc.
PO Box 99
Pleasanton, CA 94566-0009

3 pages via fax: 925-467-3231

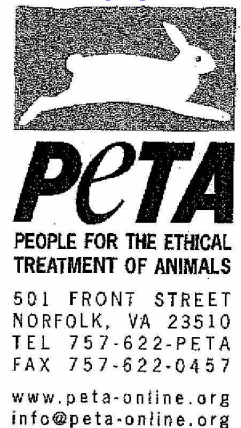
Dear Mr. Burd:

On behalf of People for the Ethical Treatment of Animals (PETA) and our more than 700,000 members and supporters, I am writing to request a copy of your standards for the welfare of animals raised by your beef, pork, chicken, egg, and dairy product suppliers, and to urge you to exceed McDonald's new animal welfare standards.

As you may know, McDonald's has recently developed regulations and an auditing procedure for both slaughterhouses and farms that raise animals for its restaurants. To date, McDonald's has: 1) instituted both stunning efficacy requirements and an auditing and sanctioning procedure for its slaughterhouses; 2) instituted a procedure to alleviate the suffering of chickens during the "catching" process (in preparation for their trip to the slaughterhouse); 3) required that its egg suppliers phase out the starving and dehydrating of hens (forced molting); and 4) required that egg suppliers give hens a minimum of 72 square inches of space per bird. McDonald's has also begun to explore the feasibility of buying only from suppliers who raise sows in less cruel conditions since currently, pregnant pigs are confined to concrete stalls so cramped that they cannot turn around.

You may be aware of the formal complaint by the Washington State Attorney General's Office detailing graphic allegations of inhumane conditions at an IBP slaughterhouse. Filed with the complaint were 17 affidavits from IBP slaughterhouse workers describing routine instances of inhumane slaughter in clear violation of federal and state humane-slaughter regulations. Workers allege excessive and cruel use of electric prods to speed cows through a fast-paced slaughter process that often does not allow for proper stunning of the animals. According to the affidavits, cows are still fully conscious while having their throats slit and being dismembered. In fact, a videotape taken at IBP shows this to be the case. On June 5, Washington Governor Gary Locke reaffirmed the seriousness of the charges by demanding an investigation into the matter by federal, state, and local authorities. We are interested in what steps you have taken to ensure that animals killed for your stores aren't skinned and dismembered while fully conscious.

McDonald's CEO Jack Greenberg declared at the company's annual shareholder meeting in May that McDonald's takes animal welfare issues seriously and intends to be a leader on all fronts. McDonald's understands that it is in its best interests to place a premium on animal welfare, because customers care about animals. We are pleased by the basic, yet important, steps that McDonald's has taken and have declared a one-year moratorium on our campaign against McDonald's (see www.McCruelty.com), which has in the last year included more than 400 demonstrations and the production of advertisements, leaflets,



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D-0711

AN INTERNATIONAL
ORGANIZATION DEDICATED
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THE RIGHTS OF ALL ANIMALS

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stickers, posters, billboards, and T-shirts that have been well covered by the media.

The following represent the most extreme areas of animal suffering experienced by animals raised for food. We would be happy to meet with you to go over each of the following points in detail, but I will summarize each briefly. We urge you to make a commitment similar to the one that McDonald's has made by instituting the following changes:

- 1) **Ensure 100 percent stunning efficacy for cows and pigs.** As the Washington IBP case makes clear, animals are routinely skinned and dismembered while still conscious, in violation of the one federal law that attempts to protect animals raised for food. The federal Humane Slaughter Act requires that cows and pigs be stunned before slaughter. You should require that your suppliers hire a second stunner on the "kill floor" and slow down slaughter lines in order to ensure that animals aren't skinned and dismembered while they are still conscious.
- 2) **Require that slaughterhouses effectively stun chickens before slaughter.** Currently, chickens in the U.S. are not stunned before their throats are slit, so they suffer miserably as they either bleed to death or are boiled alive in the feather-removal scalding tanks.
- 3) **Conduct unannounced audits at all slaughterhouses.** Hire an expert to audit slaughterhouses and cut off those that are skinning and dismembering conscious animals, as McDonald's has done.
- 4) **Require that suppliers immediately and humanely dispatch any animals who arrive at the slaughterhouse unable to walk, with broken limbs, or in severe pain (frozen, suffering from heat stroke, etc.).** Animals routinely arrive at slaughterhouses frozen to the sides of trucks or unable to walk because of injuries or heat exhaustion. They should not be dragged from the backs of trucks or tortured into walking. They should be humanely euthanized.
- 5) **Stop buying eggs from suppliers that give hens less than 72 square inches of space per bird and phase out purchases from suppliers that raise hens in battery cages.** Your suppliers cram hens into cages with about as much space per bird as one-half a sheet of standard paper, with tens of thousands of birds in filthy ammonia-laden sheds. This abuse, which is illegal in much of Europe and has been deemed cruel by the entire European Union, must be phased out.
- 6) **Stop buying eggs from suppliers that starve and dehydrate hens in order to increase egg production (a process known as "forced-molting").** Outlawed in Europe, this process, used to force hens into another egg-laying cycle, kills about one-third of the hens subjected to it.
- 7) **Buy only chickens raised truly free-roaming.** Intensively reared chickens are crammed into crowded warehouses with tens of thousands of other birds, where they have less space per bird than a standard sheet of paper. Cutting a hole in the side of currently used warehouses, as many so-called "free range" companies do, is not acceptable. Chickens

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PETA 39

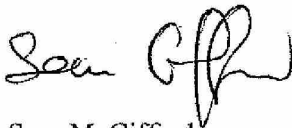
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require a nesting area, sunning area, shelter, and plenty of food and fresh water that is spread out enough to prevent the birds from fighting over it.

- 8) **Buy chicken flesh and eggs only from suppliers that don't debeak chickens.** Debeaking is the industry's cruel response to the destruction of nature's pecking order, which makes chickens insane and causes them to fight because of severe overcrowding. The solution is to improve conditions so that animals do not go insane and attack one another, not to hack off their body parts.
- 9) **Institute humane guidelines for methods of catching chickens.** Chicken catchers routinely break bones as they gather chickens in sheds, remove hens from cages, and load them into crates for transport to slaughter. Penalize workers who break bones and reward workers who treat chickens more gently.
- 10) **Require that your suppliers stop breeding animals for weight.** Currently, chickens are at full slaughter weight in less than two months. These birds suffer chronic leg pain and bone cracks, as their upper bodies are forced to grow so quickly that their legs cannot support their weight.
- 11) **Phase out purchases from farms that confine sows to stalls.** Sows must be given the ability to carry out their most basic instincts, such as rooting and nesting. Stalls that confine sows in isolation, have concrete floors, or lack adequate bedding are unacceptable.

Please know that since we've suspended our McDonald's campaign, we are in the process of choosing our next target. Please assure us that you plan to meet or exceed McDonald's commitment to animal welfare. We stand ready to meet with you, to assist you, and to work with you to improve the lot of the countless animals who depend on you for the relief of their suffering.

Sincerely,



Sean M. Gifford
Vegetarian Campaign Coordinator
Ext. 470

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October 17, 2001

Mr. Steven Burd, CEO
Safeway, Inc.
5918 Stoneridge Mall Rd.
Pleasanton, CA 94588-3229

7 pages via fax: 925-467-3230

Dear Mr. Burd:

One year has passed since PETA first contacted Safeway about improving the lives of animals raised and killed for its stores. In that year, millions of animals have suffered miserably and died badly because of Safeway's inaction, and that must stop now. At every turn, PETA has offered assistance to your company—as you know by my many letters and reports. Safeway buys cows, pigs, and chickens from suppliers that treat animals in the most despicable ways. Our offers to link Safeway with international experts in animal welfare and slaughter have been ignored, and our dozens of phone calls and many letters have gone unanswered. It seems clear, therefore, that Safeway has no intention of addressing the horrific conditions that animals endure by meeting or exceeding the animal welfare guidelines adopted by McDonald's, Burger King, and now, Wendy's. I am writing to give you one final opportunity to prove us wrong and do the right thing.

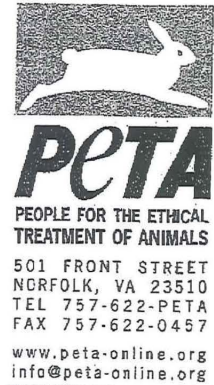
As you sit in your air-conditioned office in Pleasanton, take a moment to really consider the lives of the animals supplied to Safeway. Egg-laying hens, otherwise serene animals, are kept in windowless sheds. They are crammed into wire-mesh cages so tightly that they cannot spread even one wing. Their eyes burn from the toxic ammonia wafting up from the manure piles underneath their cages, live birds often stand on top of others who have died, and before they are sent to slaughter where they are hung upside down and killed, often while fully conscious, they are starved nearly to death to shock their weak bodies into one more egg-laying cycle.

People are horrified when they learn of this cruel treatment, and major corporations have changed their policies as a result. McDonald's, Burger King, and Wendy's took a good first step by adopting animal care standards that reduced some of the worst abuses on factory farms and in slaughterhouses. Despite all this, Safeway has categorically refused even to *discuss* any of the important issues that PETA has raised. On July 5, 2001, Brian Dowling, vice president of public affairs, stated that Safeway must "raise the bar for animal welfare," but please name one single policy that Safeway has implemented that has helped any of the millions of animals sold at its stores.

The time for empty promises and public relations rhetoric is over. PETA is preparing for a sustained and focused campaign against Safeway, which will include posters, leaflets, advertisements, a hard-hitting Web site, and hundreds of demonstrations in both the U.S. and Canada. If PETA does not receive a written pledge by December 1, 2001, stating that Safeway will meet or exceed the animal welfare guidelines adopted by McDonald's, Burger King, and Wendy's and do so in a verifiable and timely manner, Safeway will become a target of activists nationwide. I've enclosed an addendum to this letter, outlining the steps that we asked you to take nearly a year ago.

McDonald's, Burger King, and Wendy's learned how humiliating it is to be branded a corporate animal abuser, but it doesn't have to be that way for Safeway. Our offer of assistance and support still stands, but time is running short.

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AN INTERNATIONAL
ORGANIZATION DEDICATED
TO PROTECTING
THE RIGHTS OF ALL ANIMALS

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We look forward to communicating your reply to our members.

Sincerely,



Sean Gifford
Campaign Coordinator
Ext. 1470

Enclosures: Addendum 1
PETA report: "The Serious Welfare Problems of Electrical Stunning for Poultry
and the Case for Gas-Killing as a Means of More Humane Slaughter"
PETA report: "The Negative Impacts of Current Production Practices on Broiler Breeder
Welfare and the Immediate Need for Reform to Alleviate Chronic Suffering"
HPAC Report: "Environmental Enrichment for Broiler Chickens"
HPAC Report: "Environmental Enrichment for Laying Hens"

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Addendum 1.

The following represent nine of the most extreme areas of animal suffering experienced by animals raised for Safeway. Our offer to meet with you to go over each of the following points in detail stands, of course, but I will summarize each briefly. We are asking Safeway to:

1. **Initiate audits of slaughterhouses and cut off suppliers that are out of compliance with humane slaughter guidelines.** The Humane Slaughter Act, the only federal law that protects animals raised for food, is not enforced—the government has taken inspectors off slaughter lines, so the industry is left to police itself. The result is that slaughterhouse workers routinely beat, scald, skin, and dismember conscious animals; this behavior has been documented on videotape and in statements from line workers and retired USDA inspectors.
2. **Cease buying eggs from suppliers that give hens less than 75 square inches of space per bird with the ultimate goal of phasing out battery cages altogether.** Currently, suppliers cram hens into wire mesh battery cages with about as much space per bird as one-half of a sheet of standard paper. This abuse, which has been condemned as cruel by the entire European Union, is the *modus operandi* for America's egg suppliers. The average stocking density for henhouses across the United States is an abysmal 48 to 54 square inches per bird—these conditions don't allow hens enough space to spread even one wing their entire lives, and losses from death are in excess of 16 percent in many systems.
3. **Buy chicken flesh and eggs only from suppliers that don't debeak chickens and ducks.** Debeaking is the industry's cruel response to the destruction of nature's pecking order, which causes birds to go insane and fight because of overcrowding. The solution is to improve conditions (as McDonald's, Burger King, and Wendy's have done) so that animals do not go insane and attack one another, not hack off beaks and bills.
4. **Institute humane guidelines for methods of catching chickens.** Chicken-catchers routinely break bones as they gather chickens in sheds, remove hens from cages, and load them into crates for transport to slaughter. McDonald's, Burger King, and Wendy's suppliers curb this problem by financially rewarding workers who treat chickens more gently, thereby reducing the frequency of broken bones and hemorrhaging.
5. **Stop buying eggs from suppliers that starve and dehydrate hens in order to increase egg production (a process known as "forced molting").** By removing food and water for up to two weeks, suppliers shock hens' worn-out bodies into another egg-laying cycle. Up to 5 percent of hens subjected to this procedure die, while the remaining hens, many of whom have lost all their feathers and 35 percent of their body weight, are forced to lay more eggs before being shipped off to slaughter. Forced molting is outlawed in Europe and has now been banned by McDonald's, Burger King, and Wendy's.
6. **Phase out purchases from farms that confine sows to stalls.** On today's factory farms, breeding pigs are confined to tiny concrete stalls for most of their lives. Unable to turn around, lie in a comfortable position, or nuzzle their babies, many of these animals go mad from the boredom, frustration, and stress, resulting in self-mutilation and aggressive behavior. Sow stalls are illegal throughout much of Europe, and viable alternatives have proved successful in the United States and Canada. Currently, Burger King will begin buying from suppliers that raise sows in less cruel conditions, McDonald's is funding alternative sow

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housing research at Purdue University, and Wendy's is working with pig experts in the animal welfare field.

7. **Require slaughterhouses to improve electrical stunning of chickens by increasing stun bath settings to 120 mAmps, and encourage the adoption of gas stunning as a less cruel alternative.** Before their throats are cut, chickens' heads are passed through an electrically charged water bath that immobilizes them but does not render them insensible to pain. The amperage is so low that chickens are often alive and bleeding to death after their throats are slit and enter the scalding tank (boiling water for feather removal) still partially conscious. Some of them miss both the immobilization bath and the automated neck-slicer and are scalded to death while fully conscious. Burger King, McDonald's, and Wendy's have increased stun baths to 120 mAmps (Wendy's is considering going as high as 200 mAmps), which will improve the situation, but gas killing for chickens has proved to be a more humane means of slaughter and should replace inhumane and outdated electrical stunning. I'm sending a copy of PETA's research on this subject for your review.
8. **Require suppliers to adopt air-quality guidelines for chickens by limiting ammonia exposure to 25 parts per million, as done by Burger King and Wendy's, with an eventual goal of 10 parts per million.** Chickens exposed to toxic ammonia suffer from chronic respiratory diseases, weakened immune systems, bronchitis, and "ammonia burn," a painful condition of the eye that can lead to blindness.
9. **Require that suppliers immediately euthanize any animals who arrive at the slaughterhouse unable to walk, with broken limbs, or in severe pain (frozen, suffering from heat stroke, etc.).** Animals routinely arrive at slaughterhouses frozen to the sides of trucks or unable to walk because of injuries or heat exhaustion. They should not be dragged from the backs of trucks or tortured into walking. They should be euthanized.

The above nine guidelines represent a good first step. Over the next few months, Safeway does not need to reinvent the wheel—McDonald's, Burger King, and Wendy's have laid the foundation for minimal standards on which you can build. Of course, these nine guidelines are far from complete and McDonald's, Burger King, and Wendy's have pledged to do more to improve conditions. To develop a comprehensive policy on animal welfare, Safeway should start now to implement these additional steps:

Dairy Cows and Veal Calves

1. **Require producers to improve conditions for veal calves in ways similar to existing United Kingdom and European standards.** In the United States, male calves are separated from their mothers a day or two after birth, confined, tethered, isolated in dark crates so small that they cannot turn around or comfortably lie down, and fed an anemia-inducing diet to make their muscles pale and weak for veal. Guidelines to reduce some of their suffering include the following:
 - Prohibit the tethering and muzzling of calves.
 - Ban the use of veal crates, as done in the European Union and the U.K. The ultimate goal should be to raise calves truly free-range, but in the interim, the European system of pens should be adopted in which calves have contact with other calves and are given ample space in which to turn around and comfortably lie down.
 - Require that calves not be kept in perpetual darkness and that artificial lighting be provided during normal daylight hours.
 - Require that calves be fed a diet that meets their nutritional needs, including a diet of solid food and dietary iron.

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- Require that calves be given appropriate dry bedding.
 - Require that calves not be weaned before 5 days of age.
2. **Eliminate the use of rBST in dairy cattle.** Bovine somatotropin (rBST), also known as bovine growth hormone (BGH), was recently deemed so detrimental to cow welfare by a Canadian veterinary panel that it was rejected for use in Canada by its government. In fact, the panel found that rBST increased the risk of clinical mastitis (a painful infection of the udders) by approximately 25 percent and lameness by 50 percent. This drug, which may also harm human health, has been outlawed in Australia and the European Union.
 3. **Improve living conditions for dairy cows.** Dairy cows must never be tethered, except when absolutely required (e.g., for milking, weighing, or veterinary care). All cattle, regardless of location, should have access to pasture or turn-out lots for a minimum of five hours per day, with a minimum of 600 square feet per cow. Cattle kept in dry lots must have access at all times to an area for lying down that is well-drained, provides shelter from the sun, and is large enough to accommodate all cattle lying down at the same time. Cattle must always have the space to turn around, groom themselves, and lie down freely. Cows should be fed a diet of grasses and other foods that meet their nutritional needs.
 4. **Require dairies to immediately euthanize downed animals.** Up to 91 percent of non-ambulatory animals are dairy cattle. These animals suffer immensely as they are dragged, pushed, or hoisted from place to place.

Broiler Chickens (Chickens Raised for Their Flesh)

Chickens raised for meat are typically kept in large warehouses that contain tens of thousands of birds. To ensure that birds do not suffer for weeks on end, farm inspections should require adequate time to evaluate each bird's welfare. Welfare standards to improve broiler well-being include:

1. **Improve litter standards and space allotments per bird.** Birds denied all that is natural to them are unhappy and frustrated and will attack one another. Litter and space should enable birds to perform many of their highly motivated behaviors such as foraging, scratching, dust-bathing, preening, wing-flapping, feather-ruffling, and stretching. Birds should be granted at least 2 square feet each and a thin layer of sand covered by approximately 3.9 inches of chopped straw to provide a suitable substratum for foraging and scratching. Litter should be replaced every 2 to 3 weeks as demanded by wetness and flock size. Litter moisture should never exceed 25 percent.
2. **Require that lighting follow a normal daily pattern of 16 hours light and eight hours darkness and be kept at a minimum of 20 lux.** To keep birds wakeful and eating, lights are often kept on for 23 hours a day. Unnatural lighting schedules lead to frustration and fighting.
3. **Require that birds have continuous and easy access to food and water.** There should be no restriction on food and water, and this should include just prior to catching. Some food should be scattered into litter to allow birds to forage. Denial of food and water is frustrating and can lead to fighting.
4. **The birds' environment should be enriched to meet their behavioral and social needs.** Flightiness and agitation are reduced by adding perches. Enrichment through the placing of golf balls, bottle tops, lengths of string, etc., will help birds adapt to novelty and therefore be less reactive to new situations such as catching, transport, etc. Access to sandboxes will improve bone strength. Hanging toys that birds can manipulate and explore with their beaks will add to overall contentment.
5. **Breeding programs must make animal welfare a top priority and focus on eliminating the severity and incidence of metabolic and skeletal problems.** Currently, chickens are at full slaughter weight in less than two months. These birds suffer chronic leg pain and bone cracks, as well as heart failure and lung collapse, as their upper bodies are forced to grow so quickly that their legs and organs

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cannot support their weight. To start with, breeding programs should select leaner strains. Because of these high rates of leg pain, chickens should be fed an analgesic drug to reduce leg pain, and vitamin C should be added to their diets.

Broiler Breeders

The breeding animals who "supply" the nation's 9 billion chickens have been called *Gallus neglectus* ("neglected chickens") because their welfare is so often entirely ignored. The suffering of broiler breeders is extreme and must be addressed. These birds suffer from many of the same conditions forced on other chickens but suffer from them for longer. All of the above recommendations should be applied also to broiler breeders, except the recommendation regarding feed withdrawal. Broiler breeders, because of genetic breeding complications, are placed on restricted diets (which leaves them in almost constant hunger). I'm sending you a copy of PETA's research on this subject for your review.

1. **Require that leaner strains be used in the broiler industry so that feed restriction can be phased out.** In the interim, while leaner strains are being phased in, the following steps should be taken to address the issue of bird welfare:
 - Feed should be mixed with bulky, inert substances, so that birds can eat more without gaining weight.
 - Birds should be given food at frequent intervals, rather than giving them all their food at once. This will provide stimulation and assist birds in fulfilling their natural need to forage.
 - The "skip-a-day" feeding regimen commonly practiced should be eliminated altogether.
 - In addition to analgesic drugs, chemical anorexic agents (to reduce hunger-induced stress) may be useful.
 - Young chicks should be allowed *ad libitum* access to food at all times during their formative stages, in order to ensure proper development and overall welfare.
 - Unrestricted access to water is essential for well-being and should be provided at all times to broiler breeders. The increased excretory wetness resulting from overdrinking should be addressed by more frequent improvement to the litter substrate (see above).
2. **Prohibit suppliers from mutilating broiler breeders for convenience.** Broiler breeders undergo a series of mutilations that cause both acute and chronic suffering and should be immediately stopped. Mutilation doesn't address the problem itself but rather the symptoms of the problem. For example, if birds attack one another out of frustration, debeaking is not the solution—environmental enrichment is. Thus, debeaking, declawing, despurring, dubbing, the use of intranasal implants, and toe removal should all be eliminated.

Egg-Laying Hens and Broiler Chickens

1. **Buy chicken flesh and eggs only from suppliers that don't debeak chickens.** Debeaking is the industry's cruel response to the destruction of nature's pecking order, which causes birds to go insane and fight because of overcrowding. The solution is to improve conditions so that animals do not go insane and attack one another, not hack off beaks (please see the enclosed "enrichment reports" for specifics).
2. **Require standards for chicken transportation.** Long journeys on the backs of trucks in tiny crates are clearly frustrating and often painful for birds. Birds should not be shipped for longer than six to eight hours; climate control should be required; and birds should be protected from snow, rain, wind, and any significant changes in temperature, particularly if temperatures go above 80 degrees Fahrenheit.

Cattle

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Prohibit the practice of branding. Branding involves giving cattle third-degree burns without any painkillers, sometimes as often as four times over a two-year period.

General

Prohibit suppliers from mutilating animals for convenience. Tail-docking of cattle and pigs, toe-clipping of turkeys, and tooth-clipping of pigs are painful and unnecessary procedures. Dehorning should be eliminated, and castration should be performed only with the use of anesthesia and painkillers.

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Dozens Produced



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SOURCES

June 2000 Rose Acre Consolidated Financial Statement.

June 2001 Rose Acre Consolidated Financial Statement.

June 2002 Rose Acre Consolidated Financial Statement.

June 2003 Rose Acre Consolidated Financial Statement.

June 2004 Rose Acre Consolidated Financial Statement.

June 2005 Rose Acre Consolidated Financial Statement.

June 2006 Rose Acre Consolidated Financial Statement.

June 2007 Rose Acre Consolidated Financial Statement.

June 2008 Rose Acre Consolidated Financial Statement.

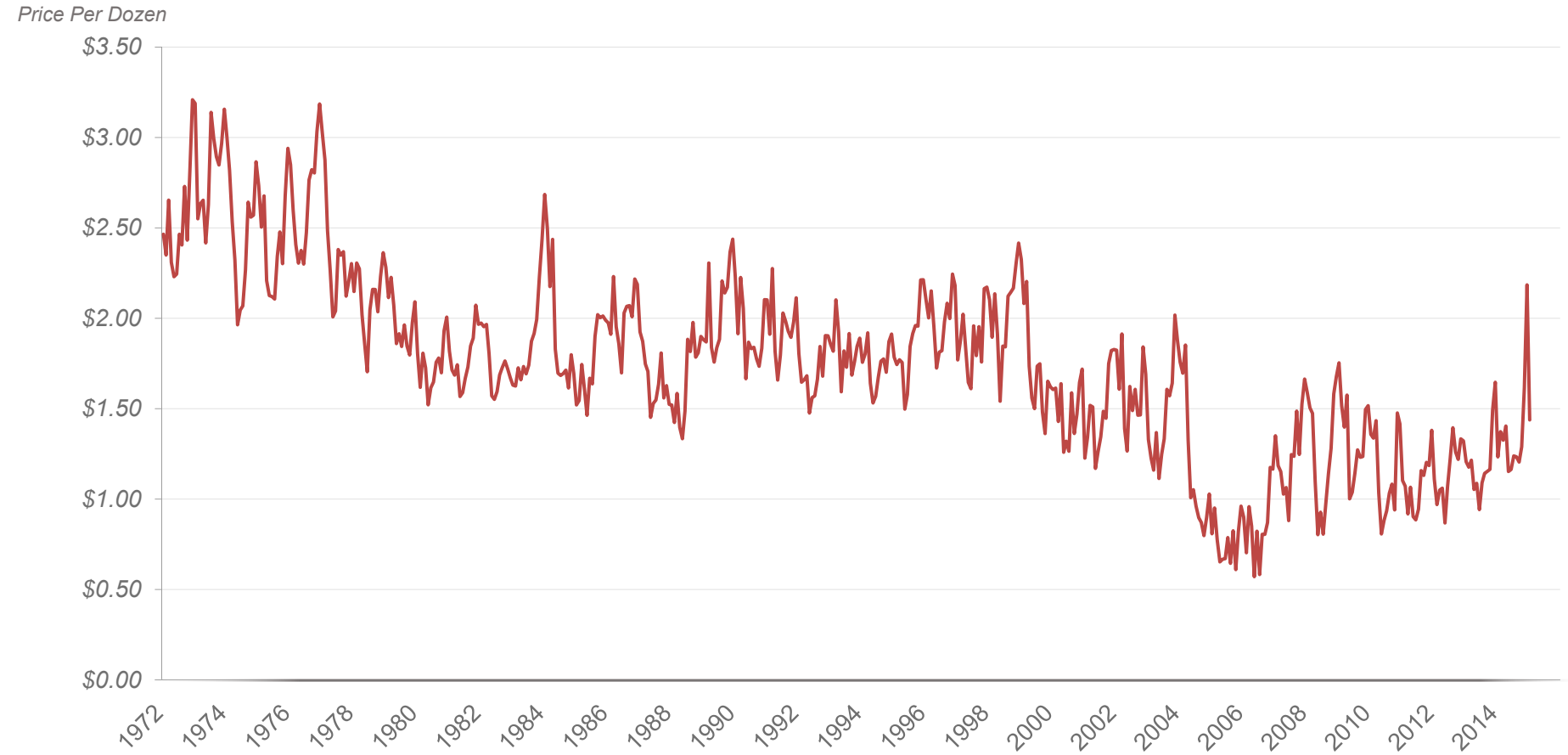
June 2009 Rose Acre Consolidated Financial Statement.

June 2010 Rose Acre Consolidated Financial Statement.

June 2011 Rose Acre Consolidated Financial Statement.

June 2012 Rose Acre Consolidated Financial Statement.

Wholesale Shell Eggs Price - Monthly Average *



Source: Walker, Figure 11

* Adjusted for inflation / Grade A Large Eggs

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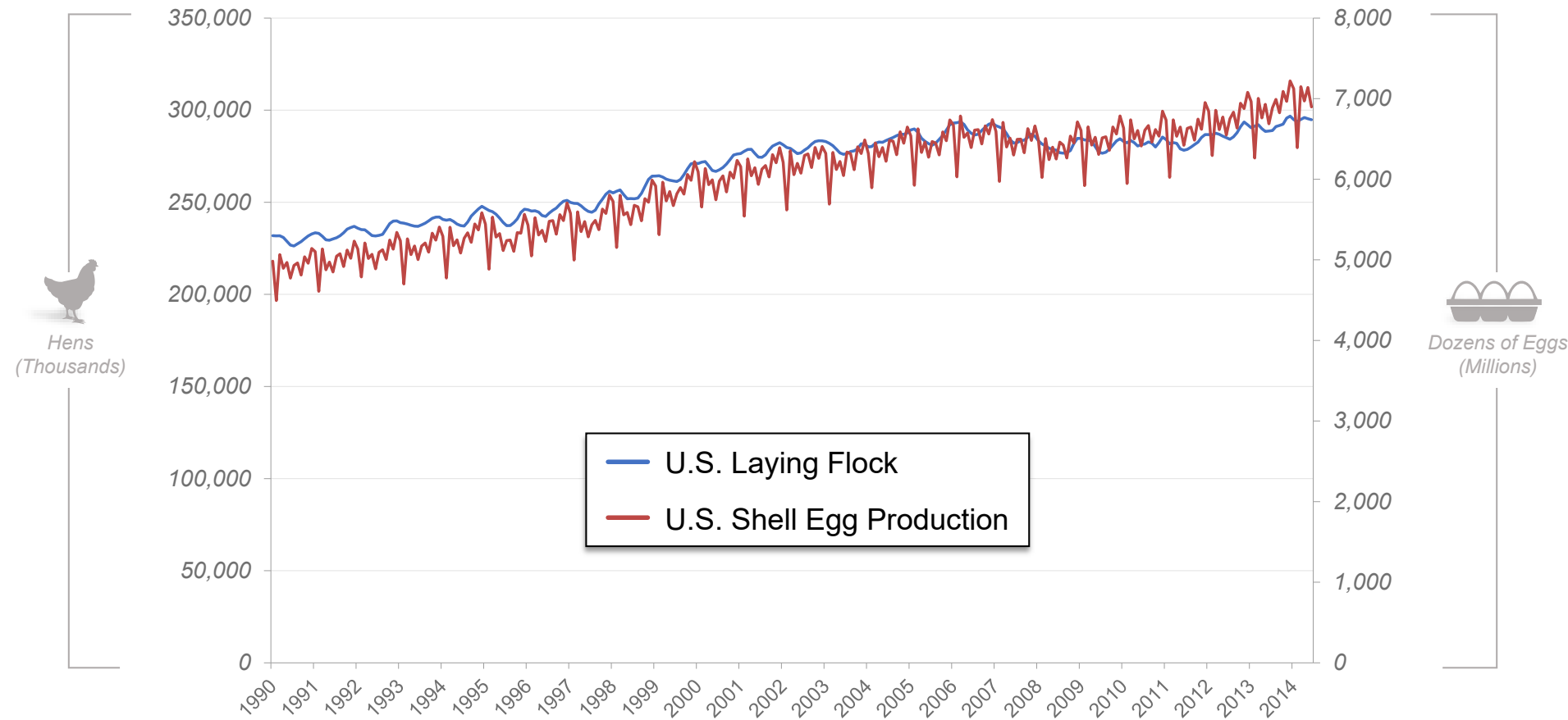
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U.S. Laying Flock & Shell Egg Production: Jan 1990 - June 2014



Source: Walker, Figure 13

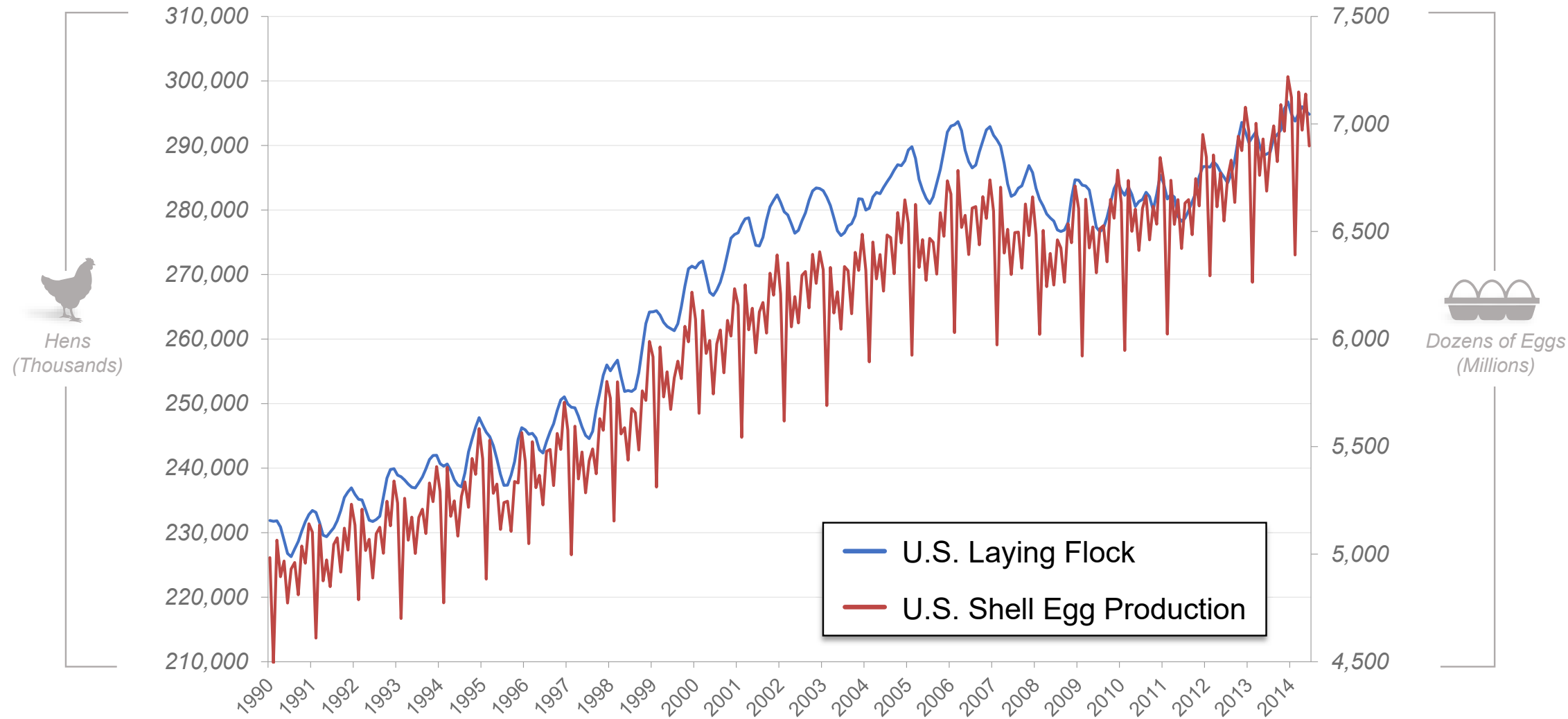
DEFENDANTS' EXHIBIT

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U.S. Laying Flock & Shell Egg Production: Jan 1990 - June 2014



Source: Walker, Figure 13

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